

REDRAFT--4 November 1978

MEMORANDUM FOR: Deputy Director for National Foreign Assessment
Deputy to the DCI for Resource Management

FROM: Director of Central Intelligence

SUBJECT: NFAC/RM Responsibilities

1. In response to Bob's memo of 13 October on the division of responsibilities between the two of you, let me describe in more detailed terms what the agreement we reached February means to me. Let me put it in terms of an industrial corporation: NFAC is the production element; RM is the comptroller. NFAC is responsible for the product. In our case of a written product this means:

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- a. the logic of the explication
- b. the assumptions utilized
- c. the scope of the analysis
- d. the documentation in support
- e. the identification of differences and uncertainties.

2. In short, what goes between the covers is NFAC's responsibility. We cannot afford nor do we want to have RM build up a substantive capacity to pass judgments on what is between the covers of the wide range of NFAC products. This does mean that NFAC must have its own "external" review process which is sufficiently isolated from the production process to be objective about product quality.

3. Having produced, NFAC is then responsible for distribution to customers and for redesigning product to meet their objections or further requirements. NFAC is responsible for determining, through surveys and otherwise, whether consumers are satisfied with the quality of what is between the covers of the product. RM has a role to play in assessing whether the overall mix of products meets needs of the Community, e.g., is enough production on subject X or too much on Y.

4. In the light of consumer reaction, directives from the PRC(I), and Bob's and my sense of world trends, Bob must next look at where any given product fits into the production line. Is more or less required? Are there resources to expand production? Are there other customers who have been overlooked? Here RM does play the normal role of a comptroller in reviewing the corporation's allocation of assets. RM asks the question, "Are we addressing all of the areas of interest to our national security and, secondly, are we meeting current/long-term needs in an economical way?" This accords with the terms "...broad questions of overall effectiveness" and "...validity of gross allocation of resources requested by NFAC," as notes of the February agreement. Only if RM plays this role can I hope to receive balanced advice, inter alia, on the division of NFIP resources between CT, NFAC, DoD, INR, etc. To achieve this, RM must look into the utilization of resources within both production and collection activities to some extent. The terms "gross" and "broad" cannot be interpreted to mean the single budget total for each activity. Between that and matters of minute detail, men of good will must find agreement. Some examples of where I count on RM to detect program needs that are not being met and to lay out the various options for allocations of resources between programs are listed below:

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a. Determining whether there is too much overlap in the production of military intelligence estimates with DIA, the three services, and the CIA. This does not mean that RM should question which specific estimates are being undertaken.

b. Similarly, is the total capacity of the Community for production of economic intelligence adequate with the resources available in INR, Treasury and CIA? Again, RM should not delve into the details of which economic issues have priority.

c. With respect to NSA, RM should question and provide guidance on how much effort NSA should make to produce finished analyses in the course of "processing" intelligence, but RM should not question whether the content of NSA's processing efforts is good or bad.

d. With respect to NRO, RM should question, for instance, whether additional ocean surveillance by radar satellites or more photo satellites is better but not get into issues of operational detail as to how the satellites are being utilized.

e. With respect to the DDO, RM should question such issues as the overall resource level devoted to counterintelligence or the levels allocated to counterintelligence hard targets, soft targets, etc., but not to getting into where and how each of these types of targets should be handled.

f. An appropriate question of NFAC would be, "Is there a balance between analytic manpower and computer support for that manpower," but this in no way should take them into whether the computers and analysts are being applied to a particular country's economic or political problems.

g. With respect to the DIA, RM should question whether the attache system is devoting enough resources to training, but not try to judge what the content of the training courses specifically should be.

5. The nature of the comptroller function is such that subjective judgments must always be made as to the detail of review encouraged and permitted. It is my view that I cannot fulfill my responsibilities in the real world of Washington without a comptroller review function. On the one hand, the PRC(I), the OMB, Congress, GAO and numerous others are constantly reviewing our allocation of resources. I will not count on them to do our comptroller function simply because it would be abdicating responsibility to those who have other objectives than the improvement of intelligence. On the other hand, Washington bureaucracies tend to perpetuate the cavalries and battleships of the past. I find the external reviews of the OMB's, GAO's frequently refreshing reminders that I have lost sight of the woods for the trees. So, too, should be the relationship of NFAC and RM--constructively critical, but in a team effort.

6. In reviewing Bob's specific complaints of invasion of turf, I agree that a number but not all of the issues fall under the production side of the corporation. (I also think that RM's questionnaire approach is a poor one in any event and the study contract a weak idea.) My suggestion is that since the boundary line we are all three seeking cannot be explicitly defined, there must be much more informal discussion and coordination on these issues. If there is, such issues as these need not develop. Only thus can RM gain the access it needs; and only thus will NFAC learn that it can only benefit from calling on RM for help in assessing resource allocation.

7. Only thus can we all three do our collective job.

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